Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006

Message Text

LIMITED OFFICIAL USE

PAGE 01 MANILA 09212 070818Z

17
ACTION XMB-04

INFO OCT-01 EA-06 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 AGR-05 /056 W
---------- 072488
R 070715Z JUL 75
FM AMEMBASSY MANILA
TO SECSTATE WASHDC 5154

LIMITED OFFICIAL USE MANILA 9212

E.O. 11652: N/A
TAGS: BPRO, RP
SUBJECT: FCIA CREDIT INSURANCE REQUEST FOR DOLS 5,000,000
SALE OF PHOSPHATE ROCK TO PLANTERS PRODUCTS COOPERATIVE
MARKETING AND SUPPLY, INC.

REF: A. MANILA 8807; B. STATE 147045

1. PLANTERS PRODUCTS CONFIRMS THAT INCREASE IN ITS INVENTORIES IS IN LARGE PART CONSEQUENCE OF UNIT INCREASE RESULTING FROM GOVERNMENT ORDERED IMPORTATIONS. USUAL INVENTORY IS 2-3 MONTHS' SUPPLY, WHILE INVENTORY AS OF JUNE WAS 12 MONTHS' SUPPLY. FERTILIZER INDUSTRY AUTHORITY (FIA), WHOSE SUPPLY/DEMAND PROJECTIONS ARE BASIS FOR ITS IMPORTATION ORDERS TO PLANTERS PRODUCTS AND OTHERS IN INDUSTRY, HAS NOW SUSPENDED ALL IMPORTATIONS UNTIL INVENTORIES ARE DOWN TO NORMAL.

2. FERTILIZER USAGE HAS DECLINED AS RESULT OF HIGH PRICES. FIA HAS DIRECTED CUT IN PRICES OF 25 PERCENT FOR FOOD CROP FERTILIZER AND 15 PERCENT FOR EXPORT CROP FERTILIZER TO STIMULATE DEMAND. THIS, OF COURSE, INCREASES LOSSES WHICH WILL BE INCURRED ON SALE OF EXISTING INVENTORY, IMPORTED AT HIGH PRICES, BUT SUBSIDY WILL BE INCREASED ACCORDINGLY.

3. PLANTERS EXPLAINS IT HAS THREE DIVISIONS. ITS AG CHEMICALS
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 MANILA 09212 070818Z

AND INDUSTRIAL PRODUCTS DIVISIONS ARE NOT PRICE CONTROLLED AND

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006

ARE PROFITABLE. IT STATES ITS OWN FERTILIZER MANUFACTURING OPERATIONS ARE ALSO PROFITABLE, AND ITS INVENTORIES OF GRADES OF FERTILIZER WHICH IT MANUFACTURES ARE NORMAL. SUBSIDY POLICY OF FIA IS THAT PLANTERS WILL BE REIMBURSED ON A NO-PROFIT BASIS. PLANTERS ALLOCATES ITS OVERHEAD EXPENSES AMONG ALL THREE SECTIONS AND CHARGES A PROPORTIONATE SHARE TO THE COST OF IMPORTED FERTILIZER, WHICH TOGETHER WITH PURCHASE PRICE AND IMPORT COSTS BECOMES BASIS FOR SUBSIDY.

4. SUBSIDY IS IN THEORY TO BE PAID AFTER AUDIT HAS BEEN COMPLETED BY FIA TO ENSURE THAT PLANTERS HAS NOT PADDED ITS EXPENSES. LOOSES FOR 1974 WERE P63 MILLION, AND FIA, RECOGNIZING MAGNITUDE OF LOSSES, IN NOVEMBER MADE A PAYMENT OF P63 MILLION, AND FIA, RECOGNIZING MAGNITUDE OF LOSSES, IN NOVEMBER MADE A PAYMENT OF P57 MILLION. THE REMAINING P6 MILLION IS TO BE RELEASED AFTER COMPLETION OF THE AUDIT.

5. PLANTERS HAS OCTOBER 7, 1974, LETTER FROM AGRICULTURE SECRETARY TANGO, IN HIS CAPACITY AS CHAIRMAN OF FERTILIZER INDUSTRY AUTHORITY, STATING, "... PLEASE BE ASSURED THAT THE FERTILIZER INDUSTRY AUTHORITY WILL CONTINUE TO PROVIDE YOUR COMPANY THE NECESSARY SUPPORT INCLUDING SUBSIDIES WHICH MAY BE REQUIRED TO INSURE THE CONTINUED VIABILITY OF THE INDUSTRY AND YOUR COMPANY AS WAS THE CASE IN 1973 WHEN YOU RECEIVED THE REIMBURSEMENT OF OVER P50 MILLION." LETTER BEING POUCHED.

6. PLANTERS PRODUCTS INDICATES IT WOULD HOPE THAT DBP GUARANTEE WOULD NOT BE REQUIRED, SINCE THIS WILL ADD 1 1/2 PERCENT PER ANNUM GUARANTEE FEE TO ITS COSTS. EMBASSY WOULD SUGGEST THAT AS ALTERNATIVE TO DBP GUARANTEE, EXIM MIGHT CONSIDER REQUESTING FROM FIA AN UPDATED LETTER PROVIDING ASSURANCE THAT ITS SUBSIDIZATION POLICY WILL NOT BE ALTERED TO DETRIMENT OF EXIM AS CREDITOR.
PURNELL

LIMITED OFFICIAL USE

NNN

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 07 JUL 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: greeneet
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975MANILA09212
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750233-0563
From: MANILA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750781/aaaacukl.tel
Line Count: 95
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION XMB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 MANILA 8807, 75 STATE 147045
Review Action: RELEASED, APPROVED
Review Authority: greeneet
Review Comment: n/a
Review Content Flags:
Review Date: 23 JUL 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <23 JUL 2003 by CunninFX>; APPROVED <19 NOV 2003 by greeneet>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: FCIA CREDIT INSURANCE REQUEST FOR DOLS 5,000,000 SALE OF PHOSPHATE ROCK TO PLANTERS PRODUCTS COOPERATIVE
TAGS: BPRO, RP
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006